Treasury Department

For Morning Papers of December 3.

Washington, D.C.,
December 2,1917.

Statement by Secretary McAdoo:

The use of gold coin as a circulating medium leads to rapid abrasion and consequent loss of value. There is a real economy in using currency in all ordinary domestic transactions, letting coined gold be used as security behind gold certificates and as reserve for Federal Reserve notes and other forms of paper currency or for foreign exchange settlements in cases where nothing else can be used in adjusting international balances.

There are some firms and corporations however, in various sections of the country which have been accustomed, in making up their payrolls, to use machines for counting money. While there is no objection to the use of these machines in handling silver coins, the use of gold in them in times like the present must be discouraged. In most cases firms and corporations which have been using gold in these machines have discontinued the practice, realizing the importance of protecting the country's gold supply and of discouraging the wasteful use of gold for payrolls, especially as in most cases the recipient of the gold coin would prefer paper money. In some cases, however, paymasters have seen fit to consult their own convenience and continue to make demands upon the banks for gold coin for payroll purposes. The banks, realizing the waste incident to the use of gold for such purposes, have objected to meeting the demands of the paymasters but in some instances have been threatened with the loss of the account in case of their failure to comply, statement being made that other banks in the community would be willing to furnish the gold in consideration of the transfer of the account. It is hoped, however, that upon reflection, firms and corporations which are still using gold and banks which signify their willingness to furnish it, will realize that this is a selfish and unpatriotic attitude and that for the sake